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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

[CMS-2149-N]

Medicaid Program; Infrastructure Grants Program To Support the Design and Delivery of Long Term Services and Supports That Permit People of Any Age Who Have a Disability or Long Term Illness To Live in the Community

AGENCY: Centers for Medicare & Medicaid Services (CMS), HHS.

ACTION: Notice of funding availability for continuation of systems change grants awards process.

SUMMARY: This notice announces the availability of an additional \$55 million in grant funding through our ``Systems Change Grants for Community Living''. The Systems Change grants include four distinct competitive grant opportunities: (1) Nursing Facility Transitions; (2) Community-integrated Personal Assistance Services and Supports; (3) Real Choice Systems Change; and (4) The Community Living Exchange Collaborative: A National Technical Assistance Program (The Collaborative) (formerly, The National Technical Assistance Exchange for Community Living). The four grants are designed to assist States in developing enduring systems improvements that support people of any age who have a disability or long-term illness to live and participate in their communities. These grants are a part of the President's New Freedom Initiative to eliminate barriers to equality and grant a ``New Freedom'' to children and adults of all ages who have a disability or long term illness so that they may live and prosper in their communities. This notice also contains information about the manner in which we will continue the award process that originally started in FY 2001. We will not accept any new applications for Systems Change Grants in FY 2002.

DATES: Deadline for Submitting Response Form: Qualified Applicants (see ``Definition of Qualified Applicants'' in section II.D. of this notice) who submitted an application in FY 2001, and received from us written notification dated March 28, 2002 of a ``preliminary award'' must submit the Response Form (that was enclosed with their written notification) no later than May 9, 2002, indicating whether they wish to receive an award in FY 2002.

Deadline for Submitting Responses to Draft Terms and Conditions and Project Feedback of Preliminary Grant Award: Qualified Applicants must respond to the draft terms and conditions and project feedback of the

preliminary grant award by July 10, 2002.

ADDRESSES: Response Form: The addresses for submitting completed Response Forms are listed in order by our preferred means of submission; they are as follows: by e-mail to jsilanskis@cms.hhs.gov, by facsimile to Jeremy Silanskis (410-786-9004), or by mail to Jeremy Silanskis, Centers for Medicare & Medicaid Services, Center for Medicaid and State Operations, DEHPG/DASI, Mailstop: S2-14-26, 7500 Security Boulevard, Baltimore, Maryland 21244-1850. Applications mailed through the U. S. Postal Service or a commercial delivery service will be considered ``on time'' if received by close of business on the closing date, or postmarked (first class mail) by the date specified and received within five business days. If express, certified, or registered mail is used, the Qualified Applicant should obtain a legible dated mailing receipt from the U. S. Postal Service. Private metered postmarks are not acceptable as proof of timely mailings. Response Forms that do not meet the above criteria will be considered late.

Qualified Applicants who wish to obtain an electronic copy of the Response Form or have questions regarding the Response Form, please contact Jeremy Silanskis at: 410-786-1592; or by e-mail to jsilanskis@cms.hhs.gov.

Response to Draft Grant Terms and Conditions and Project Feedback: We will include with the draft grant terms and conditions and requests for project feedback that we send to the Qualified Applicants the name, address, and phone number of the CMS project officer to whom the responses to the draft grant terms and conditions must be submitted.

Web Site: To obtain additional information about the Systems Change grants, please visit our web site at:
<http://www.hcfa.gov/medicaid/systemschange/default.htm>.

FOR FURTHER INFORMATION CONTACT: Questions about the Systems Change grants may be directed to: Mary Guy, Centers for Medicare & Medicaid Services, Center for Medicaid and State Operations, DEHPG/DASI, Mail Stop: S2-14-26, 7500 Security Boulevard, Baltimore, MD 21244-1850, (410) 786-2772; or by e-mail to: Mguy@cms.hhs.gov.

SUPPLEMENTARY INFORMATION:

I. Background

A. General

People of all ages who have a disability or long-term illness generally express the same desire to live in the community, as do most other Americans. They express a desire to live in their own homes, make their own decisions about daily activities, work, learn, and maintain important social relationships. They express a desire to contribute and participate in their communities and family life.

In 1990, the Congress enacted the Americans with Disabilities Act (ADA) (Pub. L. 101-336). The ADA recognized that ``society has tended to isolate and segregate individuals with disabilities, and, despite some improvements, such forms of discrimination against individuals with disabilities continue to be a serious and pervasive social problem'' (42 U.S.C. 12101(a)(2)). The ADA gave legal expression to the desires and rights of Americans to lead lives as valued members of their own communities despite the presence of disability.

Over the past few years, a consensus for assertive new steps to improve the capacity of our long-term support systems to respond to the desires of our citizenry has been building. Federal, State, and local governments have begun to take actions to renew and reaffirm a commitment to improving the systems that will support people of all ages with disabilities or long-term illnesses who wish to live in their communities. The President invigorated these efforts in 2001 through his New Freedom Initiative and Executive Order 13217. The Executive Order directs

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Federal agencies to provide assistance to States and to identify federal policy barriers that might be removed in order to achieve fulfillment of the ADA. For additional information about the New Freedom Initiative and Executive Order 13217, please visit the web site at:
<http://www.whitehouse.gov>.

B. FY 2001 Systems Change Grants for Community Living

On May 22, 2001, we published a Notice of Funding Availability for the Systems Change Grants for Community Living in the Federal Register (66 FR 28183). Under this notice, we invited proposals from States and others, in partnership with their disability and aging communities, to design and implement effective and enduring improvements in community long term support systems. Grant applications were due in July 2001. The response of States, and other eligible entities, to these grant opportunities was extraordinary. The response revealed a strong interest on the part of States and their citizens to improve their community-based systems, and a vital role for federal technical and resource assistance. We received 161 applications for these Systems Change grants from 51 States and Territories (48 States, the District of Columbia, and 2 Territories) requesting funding totaling approximately \$240 million.

In September 2001, we announced the award of grants in 37 States and one territory totaling approximately \$70 million. In FY 2001, we awarded: 25 Real Choice Systems Change grants; 10 Community-integrated Personal Assistance Services and Supports grants; 12 Nursing Facility Transitions, State Program Grants; and 5 Nursing Facility Transitions, Independent Living Partnership grants. In FY 2001, we also awarded two grants for the National Technical Assistance Exchange for Community Living. For further information on the selection process of the grants awarded in FY 2001, please see our web site at: <http://www.hcfa.gov/medicaid/systemschange/selproc.pdf>. In addition, the solicitation from FY 2001 is available at: <http://www.hcfa.gov/medicaid/systemschange/backgrnd.htm>.

Due to the extraordinary response we received in FY 2001 to the Systems Change Grants for Community Living solicitation, we will not accept any new applications in FY 2002. Instead, we will continue to process the ranked applications submitted in 2001, beginning with the highest-ranked applications that were not funded in FY 2001. On March 28, 2002, we sent a notice of preliminary award and a Response Form to those Qualified Applicants, as explained below. We will also furnish draft grant terms and conditions (including project feedback) to those Qualified Applicants. (See section II.B. of this document for additional information on ``Requirements to Receive Notice of Grant

Award''.)

II. Overview of FY 2002 Systems Change Grants Award Process

In FY 2002, the Congress appropriated an additional \$55 million in funds for these Systems Change grants specifically to improve community-integrated services (Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2002 Pub. L. 107-116). In a Press Release dated March 25, 2002, the Secretary announced that these funds will enable the Department to help States improve community-based services. (To review this Press Release, please visit: <http://www.hhs.gov/news/press/2002pres/20020325a.html>.)

Since we received far more applications in FY 2001 than we were able to fund, we are announcing our intention to continue the award process for Qualified Applicants. (See section ``II.D. Definition of Qualified Applicants'' of this notice.) We have used the review panel scores from FY 2001, to determine the ranking of all applications in each grant category. We will attempt to provide funding for applications where funding was previously unavailable. In addition, we reserve the right to make ``supplemental'' awards in FY 2002 to certain States or other eligible entities that received awards in FY 2001; these ``supplemental'' awards will ensure fair treatment between Grantees awarded funds in FY 2001 and 2002 while ensuring that the purposes of these grants are met. In the event that we received more than one application for any grant solicitation for which the ``one per State'' standard applies, we reserve the right to select which application will be considered for funding. We also reserve the right to ensure reasonable balance in awarding grants in FY 2002, in terms of key factors (such as geographic distribution and broad target group representation) as noted in the FY 2001 grant solicitation.

We reserve the right to reallocate those funds to the next highest-ranked Qualified Applicant(s) or to supplement entities that previously received funding, if Qualified Applicants are subsequently determined not to have met all of the requirements of our May 22, 2001 Notice of Funding Availability (66 FR 28183), the grant terms and conditions, or otherwise fail to submit a Response Form to us by the date indicated above.

We have determined that we will be able to fund in FY 2002 approximately: 25 new Real Choice Systems Change grants; 8 new Community-integrated Personal Assistance Services and Supports grants; 11 new Nursing Facility Transitions, State Program grants; and 5 new Nursing Facility Transitions, Independent Living Partnership grants. We will also attempt to make supplemental awards to the two Grantees for the Community Living Exchange Collaborative: A National Technical Assistance Program. Additionally, we will attempt to make supplemental awards to 5 States that received Real Choice Systems Change grants in FY 2001 to ensure that these 5 Grantees are not disadvantaged in the amount of the award received as compared to States receiving awards in FY 2002. (See ``Chart 1--Qualified Applicants for FY 2002 Systems Change Grants and Amount of Preliminary Awards''). We anticipate that these grants will be officially awarded on or before September 30, 2002. (See ``Chart 2--Key Dates for 2002 Systems Change Grants Process''.) We will notify, in writing, the Qualified Applicants described above of this award process.

A. Timing and Duration of Awards

We expect all Notice of Grant Awards to be made on or before September 30, 2002. New Grantees may expend grant funds over a 36-month period from the date of the award. Existing Grantees receiving ``supplemental awards'' will be able to use the ``supplemental award'' during the existing 36-month budget period of their original grants.

B. Requirements To Receive Notice of Grant Award

Qualified Applicants before receiving an official Notice of Grant Award (Form **CMS** 6-U6-PG (9-84)) will receive draft grant terms and conditions of the proposed award. These draft grant terms and conditions will contain criteria the entity must meet and will specify any additional information required. These draft grant terms and conditions will ask Qualified Applicants, among other things, to provide us with: (1) An updated budget and budget narrative reflecting the amount of proposed award; (2) an updated proposed project abstract and abbreviated project narrative describing the project's goals, activities and expected outcomes, given the proposed amount of funding; and (3) a description, in the abbreviated narrative, of how people with

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disabilities and long-term illnesses and their representatives will be involved in all stages of planning, implementation, monitoring and evaluation activities for the proposed project. The deadline for submission of this information is noted in ``Chart 2--Key Dates for 2002 Systems Change Grants Process''. These dates will also be posted on the **CMS** Systems Change web site at: <http://www.hcfa.gov/medicaid/systemschange/default.htm>.

Specific requirements of Grantees, including the non-financial recipient contribution, as stated in the Notice of Funding Availability, dated May 22, 2001 (66 FR 28183) will continue to apply to all Qualified Applicants that receive awards in FY 2002.

C. Indirect Costs

Reimbursement of indirect costs under each of the four types of grants is governed by the provisions of the U. S. Department of Health and Human Services, Grants Policy Directive (GPD) Part 3.01: Post-Award--Indirect Costs and Other Cost Policies. We recommend that Qualified Applicants review the provisions of this policy directive and applicable Office of Management and Budget (OMB) circulars in preparing budget information. This information is available in the solicitation and online at: <http://www.hhs.gov/grantsnet/adminis/gpd/gpd301.htm>.

D. Definition of Qualified Applicants

We will not accept any new applications in FY 2002, due to the extraordinary number of unfunded applications received in FY 2001. Instead, we will continue to process the ranked applications submitted in 2001, beginning with the highest-ranked applications that were not funded in FY 2001. We have offered funding to those Qualified Applicants. Qualified Applicants are those Applicants who (1) submitted an application in FY 2001 and (2) received from us written notification dated March 28, 2002 of a ``preliminary'' award indicating that their application received a score from the review panel in a range that will permit us to make a ``preliminary'' award in FY 2002. Additional

information on the award process is available in section II (Overview of FY 2002 Systems Change Grant Award Process). Through our technical assistance efforts, we will continue to work with all States and Territories, as well as other non-Grantees, to improve community-integrated long term services and supports.

E. Involvement of Consumers, Stakeholders, and Public-Private Partnerships

For all Qualified Applicants, we expect continuous and active involvement of consumers in project design, implementation, and evaluation. We encourage processes that promote the active involvement of all other stakeholders. In addition, we encourage the development of public-private partnerships that make the most effective use of each partner's expertise.

For the FY 2001 and FY 2002 Real Choice Systems Change grants, the Congress expressed its preference that the grant applications ``be developed jointly by the State and the Consumer Task Force'' (H. Conf. Rep. No. 106-1033 at 150 and H. Conf. Rep. No. 107-342 at 101, adopting S. Rep. No. 107-84 at 17). The task force should be composed of individuals with disabilities from diverse backgrounds (including the elderly), representatives from organizations that provide services to individuals with disabilities, consumers of long-term services and supports, and those who advocate on behalf of such individuals (H. Conf. Rep. No. 106-1033 at 150 and H. Conf. Rep. No. 107-342 at 101, adopting S. Rep. No. 107-84 at 17). Each Qualified Applicant is encouraged to continue to involve its task force in the process of developing a response to the draft grant terms and conditions.

We encourage collaboration with public-private partnerships and with a broad range of public and private organizations whose primary purpose is improving access and services for people with disabilities or long-term illnesses. Examples of these organizations include State Independent Living Councils, Area Agencies on Aging, Developmental Disabilities Councils, State Mental Health Planning Councils, State Assistive Technology Act Projects, and other national and statewide consumer, disability and aging organizations. We also encourage Qualified Applicants to partner with volunteer groups, employers, faith-based service providers, private philanthropic organizations, and other community-based organizations.

F. Executive Order 12372

Applications for these grants are not subject to review by States under Executive Order 12372, ``Intergovernmental Review of Federal Programs'' (45 CFR part 100).

G. Information Collection Requirements

The information collection requirements associated with the Notice of Funding Availability published on May 22, 2001 (66 FR 28183) have been reviewed and approved by the Office of Management and Budget (OMB No.: 0938-0836 Expiration Date: 02/28/2005).

Authority: These grants are authorized under section 1110 of the Social Security Act. Funding and direction from the Congress was provided in the Departments of Labor, Health and Human Services, and Education and Related Appropriation Bill, for FY 2002, Pub. L. 107-

116, and in the accompanying Report, H. Conf. Rep. No. 107-342 at 101. In addition, funding and Congressional language was provided in the Consolidated Appropriations Act, 2001 (Pub. L. 106-554) (including H.R. 5656 Labor, HHS, and Education Appropriations), and in the accompanying Report, H. Conf. Rep. No. 106-1033. **CMS** is the designated HHS agency with administrative responsibility for this grant program. (Catalog of Federal Domestic Assistance Number: 93.779; Research and Demonstrations)

Dated: April 1, 2002.
 Thomas A. Scully,
 Administrator, Centers for Medicare & Medicaid Services.

Addendum 1--Qualified Applicants for FY 2002 Systems Change Grants
 and Amount of Preliminary Awards

I. New Awards

Below are the States/Eligible Entities that were offered new awards as described in section II of this notice.

Chart 1.--Qualified Applicants--FY 2002 Real Choice Systems Change
 Grants

State/eligible entity	Amount of preliminary award
Alaska.....	\$1,385,000
California.....	1,385,000
Colorado.....	1,120,147
Commonwealth of Northern Mariana Islands.....	1,385,000
Connecticut.....	1,385,000
District of Columbia.....	1,385,000
Georgia.....	1,385,000
Indiana.....	1,385,000
Kansas.....	1,385,000
Louisiana.....	1,385,000
Mississippi.....	1,385,000
Montana.....	1,385,000
New Mexico.....	1,385,000
Nevada.....	1,385,000
New York.....	1,385,000
North Dakota.....	900,000
Ohio.....	1,385,000
Oklahoma.....	1,385,000
Pennsylvania.....	1,385,000
Rhode Island.....	1,385,000
Texas.....	1,385,000
Utah.....	1,385,000
Washington.....	1,385,000
Wisconsin.....	1,385,000
West Virginia.....	1,313,996

Chart 2.--Qualified Applicants--FY 2002 Community-Integrated Personal Assistance Services and Supports Grants

State/eligible entity	Amount of preliminary award
Colorado.....	\$725,000
District of Columbia.....	725,000
Hawaii.....	725,000
Indiana.....	725,000
Kansas.....	725,000
North Carolina.....	725,000
Tennessee.....	725,000
West Virginia.....	725,000

Chart 3.--Qualified Applicants--FY 2002 Nursing Facility Transitions, State Program Grants

State/eligible entity	Amount of preliminary award
Alabama.....	\$770,000
Arkansas.....	598,444
California.....	600,000
Delaware.....	566,772
Nebraska.....	600,000
New Jersey.....	600,000
North Carolina.....	600,000
Ohio.....	600,000
Rhode Island.....	600,000
South Carolina.....	600,000
Wyoming.....	600,000

Chart 4.--Qualified Applicants--FY 2002 Nursing Facility Transitions, Independent Living Partnership Grants

State/ eligible entity	Organization	Amount of preliminary award
California.....	Community Resources for Independence.	337,500
Minnesota.....	Metropolitan Center for Independent Living.	400,000
Delaware.....	Independent Resources, Inc.	270,000
New Jersey.....	Resources for Independent Living, Inc.	400,000
Utah.....	Utah Independent Living Center.	400,000

II. Supplemental Awards

Below are the States/Eligible Entities that were offered supplemental awards as described in section II of this notice.

Chart 1.--Qualified Applicants--FY 2002 Real Choice Systems Change Grants

State/ eligible entity	Amount awarded FY 2001	Amount of preliminary award
Maryland.....	\$1,025,000	\$360,000
Arkansas.....	1,025,000	360,000
Massachusetts.....	1,025,000	360,000
Virginia.....	1,025,000	360,000
Iowa.....	1,025,000	360,000

Chart 2.--Qualified Applicants--FY 2002 The Community Living Exchange Collaborative: A National Technical Assistance Program

Organization/ eligible entity	Amount FY 2001 award	Amount of preliminary award
Rutgers Center for State Health Policy.....	\$2,435,621	\$1,886,500
ILRU `` Independent Living Research Utilization.....	2,435,621	1,886,500

Addendum 2--Key Dates for 2002 Systems Change Grants Process

Date(s)	Action
May 9, 2002.....	Response Form is due from Qualified Applicants.
March 22-July 9, 2002.....	Qualified Applicants partner with consumer advisory groups and stakeholders to do the following: Reprioritize proposed grant projects based on revised budgets; Reconsider proposed budget based on amount of preliminary award; and Respond to draft grant terms and conditions of award and requests for feedback.
July 10, 2002.....	Deadline for Qualified Applicants to submit their responses to the draft grant

September 30, 2002..... terms and conditions of award
and project feedback.
Notice of Grant Awards sent to
FY 2002 Systems Change
Grantees.

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